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ANNUAL REPORT

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CONTAINER CORPORATION OF AMERICA

CHICAGO, ILLINOIS

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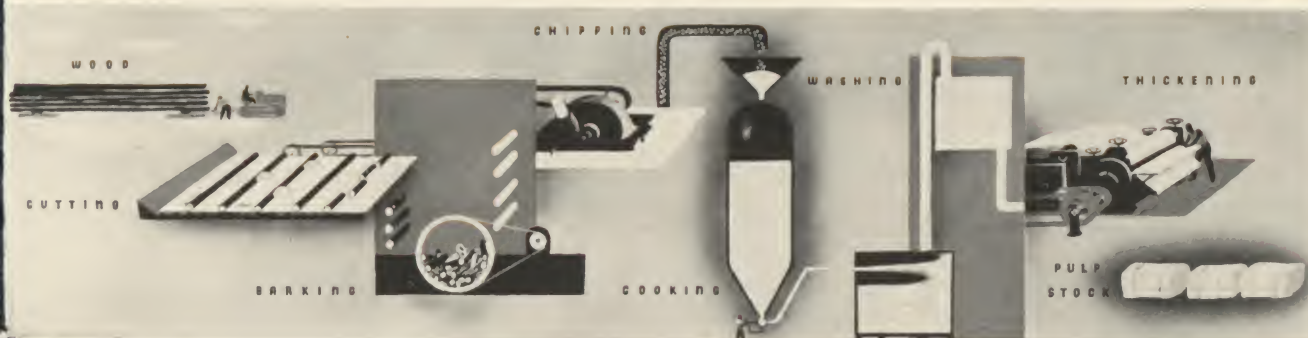
*For release to newspapers March 4, 1949  
which will be issued after 10:00 A.M.  
Eastern Standard time and not before.*

FISCAL YEAR ENDED DECEMBER THIRTY-FIRST  
BOARDS

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The Annual Meeting of the stockholders will be held on Wednesday, April 13, 1949. A notice of the meeting, together with a form of proxy and a proxy statement, will be mailed to stockholders on or about March 15, 1949, at which time proxies will be requested by the management.



## Making Paperboard

Above: The process of reducing wood to pulp for paper making. Showing in order, cutting, barking, chipping, cooking, washing and thickening.

Right: Waste paper, a paperboard ingredient, in bales, bags and crates; its dusting, sorting, baling and its destination, the paperboard mill.



ANNUAL REPORT

MARCH 4, 1949

Above and Right: The manufacture of paperboard begins with laboratory control and continues with beating and refining, forming, pressing, drying, calendering, slitting, cutting and winding.

Below: The finished product, its storage, as roll stock, its handling as flat stock, its distribution to fabricators of paper cans and specialties, folding cartons, shipping containers and set-up boxes.



# CONTAINER CORPORATION OF AMERICA

## AND SUBSIDIARY COMPANIES

### MILLS

CARTHAGE, INDIANA  
CHATTANOOGA, TENNESSEE  
CHICAGO, ILLINOIS  
CINCINNATI, OHIO  
CIRCLEVILLE, OHIO  
FERNANDINA, FLORIDA

LOS ANGELES, CALIFORNIA  
PHILADELPHIA, PENNSYLVANIA  
TACOMA, WASHINGTON  
WABASH, INDIANA  
WILMINGTON, DELAWARE

### FACTORIES

ANDERSON, INDIANA  
ATLANTA, GEORGIA  
BALTIMORE, MARYLAND  
BOSTON, MASSACHUSETTS  
CHATTANOOGA, TENNESSEE  
CHICAGO, ILLINOIS  
CINCINNATI, OHIO  
CLEVELAND, OHIO  
DETROIT, MICHIGAN  
FORT WORTH, TEXAS  
GREENSBORO, NORTH CAROLINA  
JOHNSON CITY, TENNESSEE

KALAMAZOO, MICHIGAN  
KNOXVILLE, TENNESSEE  
LOS ANGELES, CALIFORNIA  
MUSKOGEE, OKLAHOMA  
NEW ORLEANS, LOUISIANA  
OAKLAND, CALIFORNIA  
PHILADELPHIA, PENNSYLVANIA  
ROCK ISLAND, ILLINOIS  
SEATTLE, WASHINGTON  
SIOUX CITY, IOWA  
ST. LOUIS, MISSOURI

### SALES OFFICES

ANDERSON, INDIANA  
ATLANTA, GEORGIA  
BALTIMORE, MARYLAND  
BOSTON, MASSACHUSETTS  
CHATTANOOGA, TENNESSEE  
CHICAGO, ILLINOIS  
CINCINNATI, OHIO  
CLEVELAND, OHIO  
DALLAS, TEXAS  
DETROIT, MICHIGAN  
FORT WORTH, TEXAS  
FRESNO, CALIFORNIA  
GREENSBORO, NORTH CAROLINA  
HOUSTON, TEXAS  
HUNTINGTON, WEST VIRGINIA  
INDIANAPOLIS, INDIANA  
JOHNSON CITY, TENNESSEE  
KALAMAZOO, MICHIGAN  
KNOXVILLE, TENNESSEE  
LOS ANGELES, CALIFORNIA

LOUISVILLE, KENTUCKY  
MINNEAPOLIS, MINNESOTA  
MUSKOGEE, OKLAHOMA  
NEW ORLEANS, LOUISIANA  
NEW YORK, NEW YORK  
NORTH BERGEN, NEW JERSEY  
OAKLAND, CALIFORNIA  
OMAHA, NEBRASKA  
ORLANDO, FLORIDA  
PHILADELPHIA, PENNSYLVANIA  
PITTSBURGH, PENNSYLVANIA  
PORTLAND, OREGON  
ROCK ISLAND, ILLINOIS  
SEATTLE, WASHINGTON  
SHREVEPORT, LOUISIANA  
SIOUX CITY, IOWA  
ST. LOUIS, MISSOURI  
TACOMA, WASHINGTON  
WABASH, INDIANA

### FOREIGN COMPANIES

CARTON INTERNACIONAL, S.A., PANAMA  
CARTON DE COLOMBIA, S.A. (50% ownership)  
CARTOENVASES DE MEXICO, S.A. (50% ownership)

**38 SOUTH DEARBORN STREET, CHICAGO 3, ILLINOIS**

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**DIRECTORS** WILLIAM R. BASSET, Greenwich, Connecticut  
JOHN E. BIERWIRTH, New York, New York  
HENRY B. CLARK, San Diego, California  
WESLEY M. DIXON, Chicago, Illinois  
JOHN L. DOLE, Chicago, Illinois  
RICHARD G. IVEY, London, Ontario, Canada  
WILLIAM P. JEFFERY, New York, New York  
IRA C. KELLER, Chicago, Illinois  
WALTER P. PAEPCKE, Chicago, Illinois  
JOHN V. SPACHNER, Chicago, Illinois

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<b>EXECUTIVE COMMITTEE</b>	WILLIAM R. BASSET	RICHARD G. IVEY
	JOHN E. BIERWIRTH	WILLIAM P. JEFFERY
	WESLEY M. DIXON	WALTER P. PAEPCKE

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**OFFICERS** Chairman of the Board, WALTER P. PAEPCKE  
President, WESLEY M. DIXON  
\*Executive Vice President, IRA C. KELLER  
\*Executive Vice President, JOHN V. SPACHNER  
\*Vice President, LAURENCE T. MCCURDY  
\*Vice President, JAMES E. PURVIS  
\*Vice President, JOHN G. ROBINSON  
\*Vice President, FRANK J. SAUER  
\*Vice President, JOHN D. SPENCE  
Controller, CARL M. BLUMENSCHNEIN  
\*Treasurer, PAUL W. GUENZEL  
Secretary, EARL A. WAGONSELLER  
Assistant Controller, EDWARD J. STOUT  
Assistant Controller, GERALD C. WEILAND  
\*Assistant Treasurer, ARTHUR R. JOHNSON  
Assistant Secretary, HANS J. GREVEN  
Assistant Secretary, CLARENCE H. SEELEY

*\*Effective January 1, 1949*

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**TRANSFER AGENTS** CONTAINER CORPORATION OF AMERICA, Chicago, Illinois  
CITY BANK FARMERS TRUST COMPANY, New York, New York

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**REGISTRARS** CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY,  
Chicago, Illinois  
THE NEW YORK TRUST COMPANY, New York, New York

## A GLANCE AT THE LAST FIVE YEARS

	1948	1947	1946	1945	1944
Sales . . . . .	\$131,056,327	\$128,345,675	\$91,090,286	\$74,138,191	\$69,641,096
Tons shipped . . . . .	725,798	675,583	624,126	597,267	585,018
Earnings . . . . .	\$10,424,593	\$10,273,603	\$7,165,561	\$2,026,103	\$2,063,199
per common share . . . . .	\$10.12	\$10.09	\$7.23	\$2.59	\$2.64
Dividends paid and declared . . . . .	\$4,856,033	\$4,801,133	\$3,222,911	\$1,171,879	\$1,171,879
per cent of earnings . . . . .	47%	47%	45%	58%	57%
Preferred (per share) . . . . .	\$4.00	\$3.44			
Common (per share) . . . . .	\$4.50	\$4.50	\$3.40	\$1.50	\$1.50
Year's earnings reinvested in business . . . . .	\$5,568,560	\$5,361,679	\$4,344,865	\$854,224	\$891,320
Depreciation . . . . .	\$2,507,074	\$1,756,156	\$1,513,169	\$1,435,464	\$1,481,306
Factory and paper mill improvements . . . . .	\$7,942,579	\$9,602,406	\$4,059,319	\$1,581,001	\$1,143,067
Working capital (liquid funds less current payables) . . . . .	\$18,748,467	\$17,242,886	\$13,080,298	\$9,077,714	\$6,635,171
Taxes (Federal and local) . . . . .	\$7,968,025	\$7,945,261	\$6,298,435	\$7,568,906	\$8,761,227
Hourly wages paid . . . . .	\$25,291,473	\$23,057,949	\$17,466,891	\$13,289,243	\$12,090,692
Stockholders' investment per employee . . . . .	\$5,412	\$4,818	\$3,854	\$3,274	\$3,321

**CONTAINER CORPORATION OF AMERICA  
AND SUBSIDIARY COMPANIES  
CHICAGO, ILLINOIS, MARCH 4, 1949**

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**TO THE SHAREHOLDERS AND EMPLOYEES OF  
CONTAINER CORPORATION OF AMERICA**

Herewith submitted is the Annual Report of Container Corporation of America for the year ended December 31, 1948, together with Auditors' Certificate, Consolidated Balance Sheet, and summaries of Consolidated Profit and Loss and Surplus Accounts.

These statements include four wholly owned subsidiaries, namely, California Container Corporation, O. B. Andrews Company, Sefton Fibre Can Company, and Pioneer Paper Stock Company.

On the opposite page appear some highlights of the Company's operations over the last five years.

**FINANCIAL REVIEW**

**EARNINGS.** Consolidated net earnings for 1948 were \$10,424,593, as compared with \$10,273,603 for 1947. In each case these represent the net earnings after all charges, including provisions for depreciation and for local, state and Federal taxes. Earnings for the year were \$10.12 a share on the 990,474 shares of common stock outstanding at the year end, compared with \$10.09 a share for the preceding year.

While earnings for the last two years were substantially higher than for any previous twelve-month period, your Company now has a much greater capital investment and operates many more properties. Furthermore, it is important to realize that the cost of new

machinery, buildings, and equipment is today about two and one-quarter times what it was ten years ago. Consequently, as almost one-half of last year's earnings were declared and paid out in dividends, the remaining \$5,568,560 reinvested in the business had only the purchasing power of approximately \$2,400,000 ten years ago. As one example, a large corrugating unit, considering purchase price, freight, and installation costs, could have been bought and installed for \$91,000 in 1938; that same unit in 1948 cost \$227,000 installed. The price of paperboard mill units has about doubled during this same ten-year period. It is clear, therefore, that if a company is to remain competitive, it will have to replace old machinery and equipment at these substantially higher costs, and it can only do so through higher earnings or additional financing, or a combination of both. Your Company has chosen the last alternative, believing neither that all capital needs should come out of earnings to the detriment of dividend disbursements, nor that all funds required should be made available through new financing, which would create a capital structure burdensome in less active business times.

Quarterly earnings per share on the common stock, after provision for dividends on the preferred stock for the year 1948 were as follows:

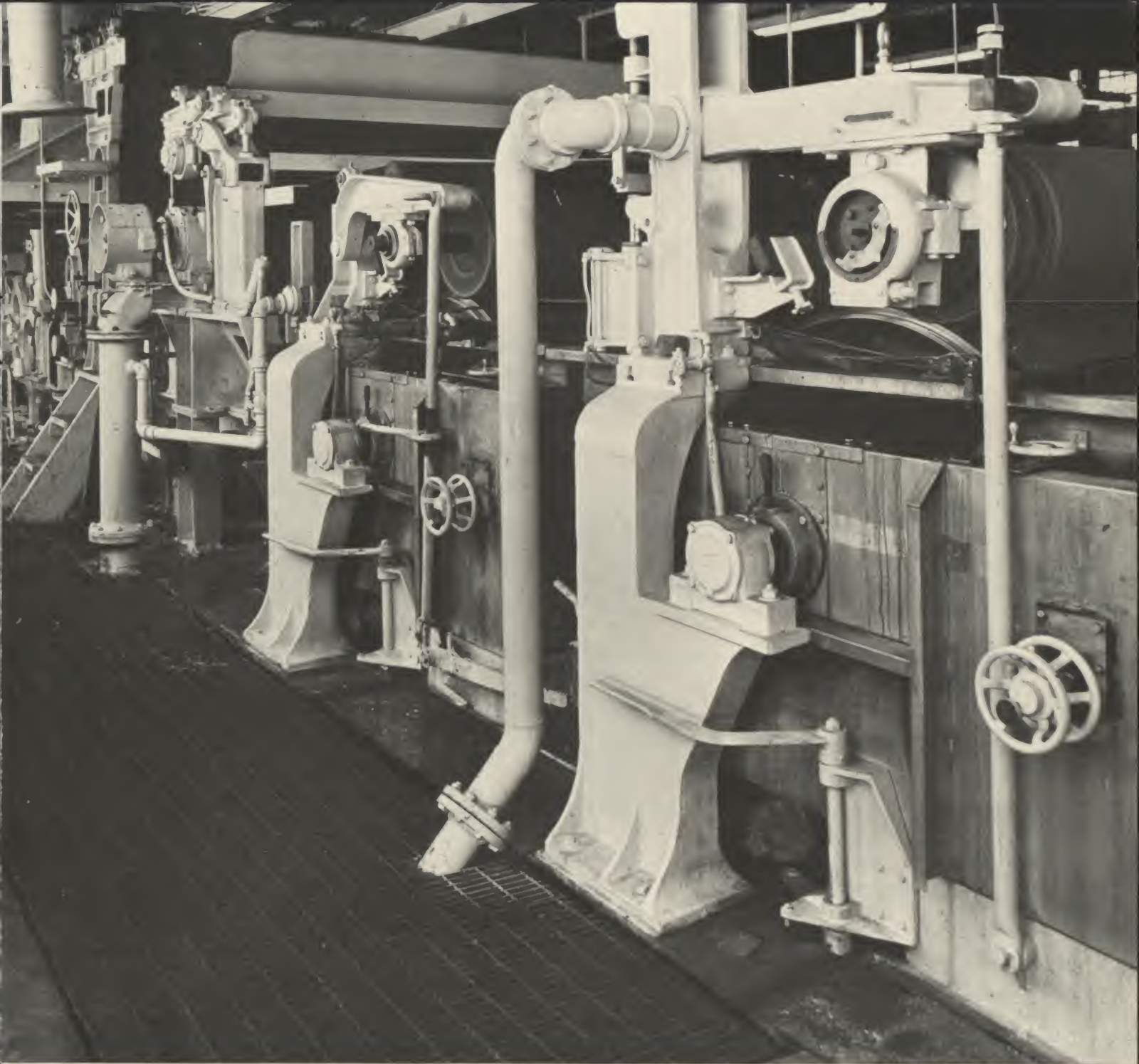
1st Quarter.....	\$ 2.03
2nd Quarter.....	2.02
3rd Quarter.....	3.29
4th Quarter.....	2.78
	<u>\$10.12</u>

Dividends paid during 1948 were as follows:

Preferred Stock		Common Stock	
March 1.....	\$1.00	February 20.....	\$ .50
June 1.....	1.00	May 20.....	.50
September 1.....	1.00	August 20.....	.50
December 1.....	1.00	November 20.....	1.50
		December 27.....	1.50
	<u>\$4.00</u>		<u>\$4.50</u>

One of a fleet of trailer trucks which serves in the delivery of shipping containers and cartons.





New forming vats recently installed at the Circleville, Ohio paper-board mill which produces strawboard for corrugated containers.

A comparative tabulation of operating results for the last three years is given below:

	1948	1947	1946
Sales .....	\$131,056,327	\$128,345,675	\$91,090,286
Cost of sales .....	104,282,979	102,475,747	71,246,408
Gross earnings .....	\$ 26,773,348	\$ 25,869,928	\$19,843,878
Provision for depreciation and depletion .....	2,433,370	1,715,774	1,493,346
Gross earnings from operations .....	\$ 24,339,978	\$ 24,154,154	\$18,350,532
Selling, administrative and general expenses .....	7,585,901	6,872,580	5,317,302
Earnings from operations .....	\$ 16,754,077	\$ 17,281,574	\$13,033,230
Other income or deductions .....	236,516	307,971	102,331
Earnings before Federal income taxes .....	\$ 16,990,593	\$ 16,973,603	\$13,135,561
Provision for Federal income taxes .....	6,566,000	6,700,000	5,370,000
Net earnings for the year .....	\$ 10,424,593	\$ 10,273,603	\$ 7,765,561
Provision for inventory and contingencies reserve .....	—	—	600,000
Balance carried to Earned Surplus .....	\$ 10,424,593	\$ 10,273,603	\$ 7,165,561

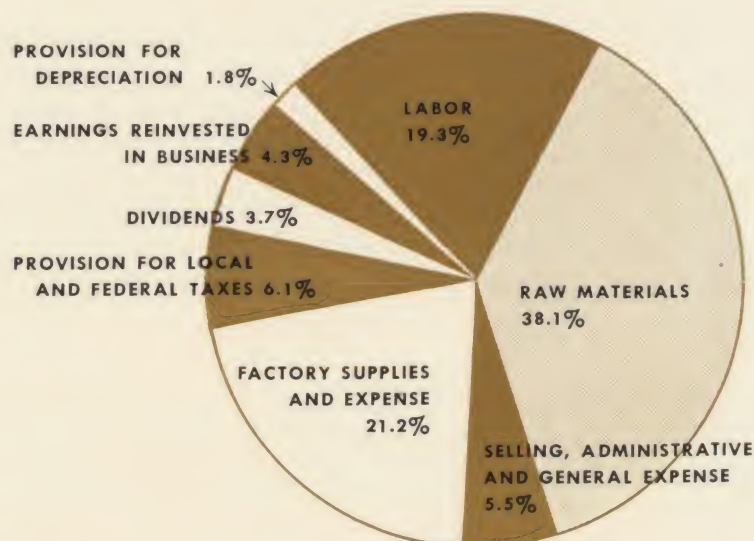
Depreciation was again provided for at rates similar to those used in preceding years. The amount of depreciation was \$2,333,943, and the substantial increase compared to previous years was due to new capital improvements. Depletion of the Company's own timber amounted to \$99,427, as most of its requirements were purchased from others.

Loss on capital assets sold or retired was \$137,242, all of which was charged against the year's earnings.

Repair and maintenance expenses, while lower than the previous year, were yet very substantial because of the higher costs of labor and materials, because operations were practically at full capacity, and because there were a larger number of mills and factories operated throughout the year.

Federal income taxes amounted to \$6,566,000 or \$6.63 per share of outstanding common stock.

The diagram on this page and tabulation on the next page indicate the disposition of the Company's sales dollar.



	1948		1947	
Sales .....	\$131,056,327	100.0%	\$128,345,675	100.0%
Raw materials .....	\$ 50,006,914	38.1%	\$ 50,781,886	39.6%
Labor .....	25,291,473	19.3	23,057,949	18.0
Factory supplies and expense .....	27,740,532	21.2	27,543,564	21.4
*Selling, administrative and general expense, etc..	7,191,420	5.5	7,027,638	5.5
Provision for depreciation and depletion .....	2,433,370	1.8	1,715,774	1.3
Local and Federal taxes .....	7,968,025	6.1	7,945,261	6.2
Dividends paid or declared .....	4,856,033	3.7	4,801,133	3.7
Earnings reinvested in the business .....	5,568,560	4.3	5,472,470**	4.3

\* Excludes labor and taxes; includes other income and charges.

\*\* Excludes reduction of \$110,791 in connection with preferred stock issue.

WORKING CAPITAL. Changes in working capital between 1948 and 1947 are detailed in the following table:

	December 31		Increase or Decrease (d)
	1948	1947	
CURRENT ASSETS:			
Cash.....	\$ 7,521,586	\$ 6,533,344	\$ 988,242
U. S. Government securities .....	2,236,451	748,187	1,488,264
Accounts receivable.....	4,918,005	6,180,152	1,262,147(d)
Inventories.....	8,630,364	9,270,857	640,493(d)
Total current assets.....	\$23,306,406	\$22,732,540	\$ 573,866
CURRENT LIABILITIES:			
Accounts payable.....	\$ 1,910,061	\$ 3,019,510	\$1,109,449(d)
Accrued wages, etc.....	\$ 1,589,417	1,503,058	86,359
Accrued taxes.....	959,561	867,086	92,475
Provision for Federal income taxes.....	*	*	—
Dividends payable.....	98,900	100,000	1,100(d)
Total current liabilities.....	\$ 4,557,939	\$ 5,489,654	\$ 931,715(d)
Net working capital.....	\$18,748,467	\$17,242,886	\$1,505,581
Current ratio.....	5.11 to 1	4.14 to 1	
*Provision for Federal income taxes.....	\$ 7,596,493	\$ 7,835,425	
Less Treasury Notes—Tax series.....	7,596,493	7,835,425	

Net improvement in working capital was \$1,505,581. It should be noted that at the end of last year \$6,000,000 of cash had been set aside out of new financing for improvements; during the year these funds were used. At the end of this year \$4,350,000, the amount estimated as necessary to complete the improvement program, was transferred out of current funds and earmarked for this purpose. Working capital, reduced to that extent, nevertheless shows the above increase.

An application of funds statement for the year 1948 appears below:

Funds were provided from the following sources:

Earnings for the year .....	\$10,424,593	
Expense items which did not require cash expenditures— Provision for depreciation (includes depletion of \$99,427 and depreciation of \$73,703 charged to administrative and selling costs) .....	2,507,074	\$12,931,667
Decrease in funds set aside for improvements .....		1,650,000
Decrease in other investments and advances .....		44,058
Total funds provided .....		<u>\$14,625,725</u>

Funds were expended or segregated for the following:

Dividends—		
4% Cumulative preferred stock .....	\$ 398,900	
Common stock .....	<u>4,457,133</u>	\$4,856,033
Plant and equipment—		
Additions .....	\$7,942,579	
Less net book value of sales and retirements .....	<u>183,171</u>	7,759,408
Increase in deferred charges .....		402,001
Purchase of preferred stock for sinking fund purposes .....		<u>102,702</u>
Resulting in an increase in working capital of .....		<u>\$ 1,505,581</u>

Capital expenditures in 1948 totaled \$7,942,579. The largest single expenditure was represented by the completion of the kraft container board mill at Fernandina, Florida. Other important capital improvements were made in the power plant of one of the two Chicago paperboard mills; also substantial improvements took place in the Philadelphia paper mill and container plant. Many smaller expenditures were undertaken at the other operations of the Company, including the establishment of a new corrugated container factory at Muskogee, Oklahoma.

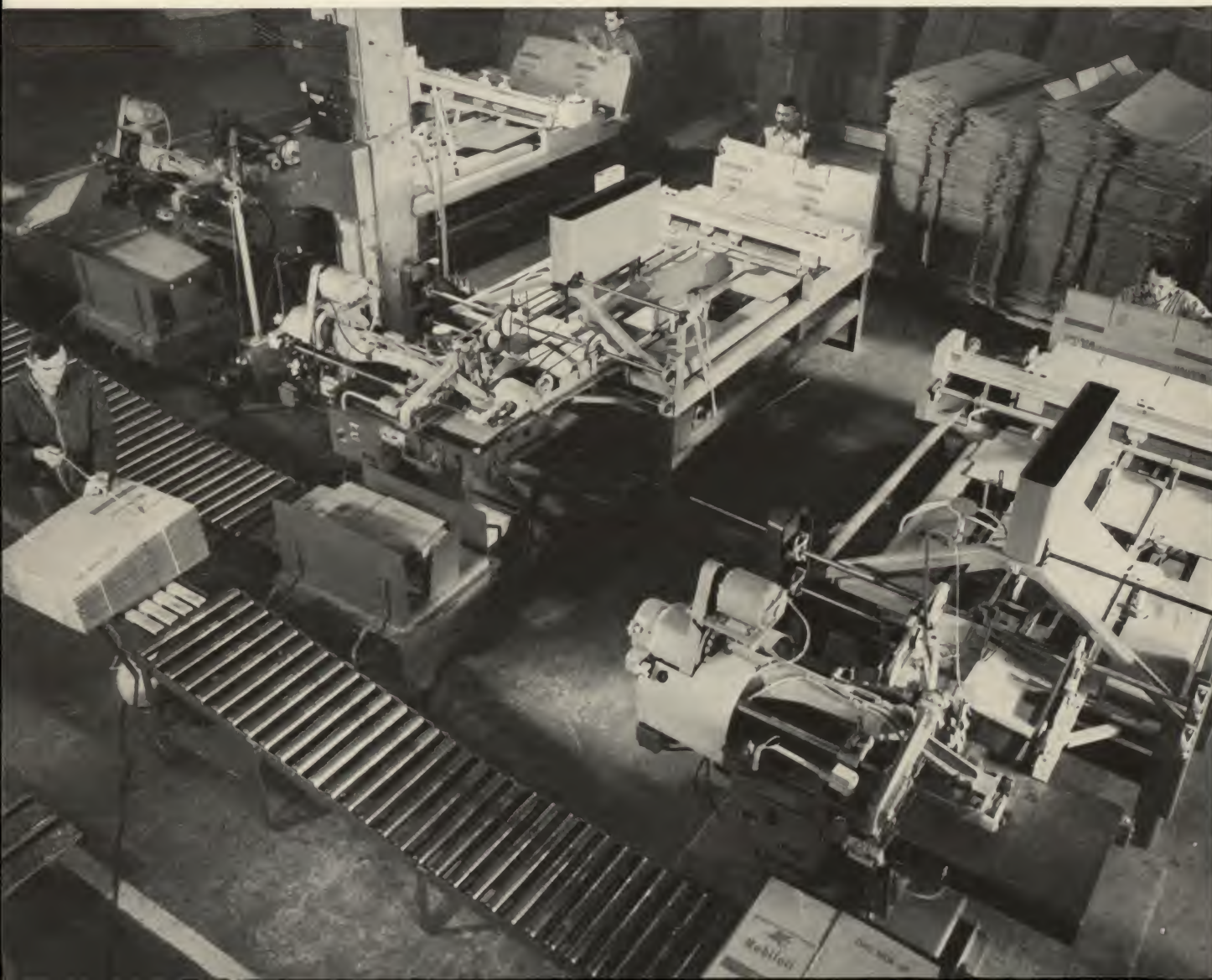


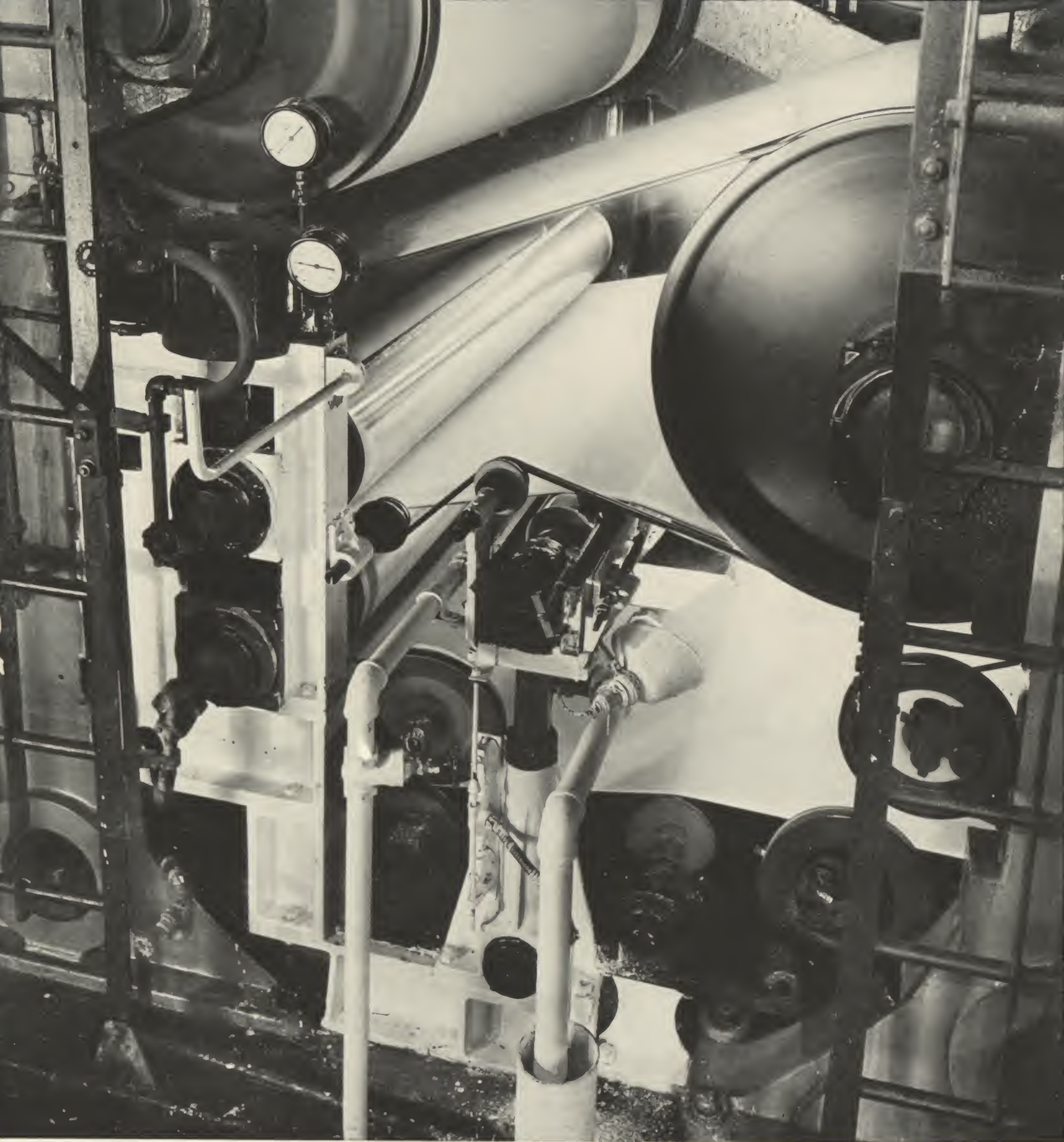


Above, new kraft container board machine which began operation at Fernandina, Florida in April, 1948. Left, a first aid room of Sefton Fibre Can Company at St. Louis, Missouri.

The capital improvement program begun about three years ago is now substantially completed, although, as above noted, an estimated \$4,350,000 expressly set aside for that purpose will still be required. Your Company's properties are in excellent operating condition as a result of these improvements and should be able to produce quality products at low costs. It might be emphasized once more that hardly any expenditures were made for expansion of capacity, except that two already operating companies were acquired and three small fabricating plants added during this three-year period. The improvement program was undertaken for two purposes: first, integration, viz., a kraft container board mill was added to the Fernandina pulp mill, and secondly, to enable existing properties to produce the highest quality product at the lowest cost. It has been the thought of your directors and management that sooner or later more than ample capacity to take care of the demand would be available in this, as in other industries, and that in the long run it would be more important to produce the best quality at the lowest costs, rather than to create additional capacity. There are no additional major improvements contemplated for the immediate future, although capital expenditures will always be necessary for replacements and new mechanical improvements as they appear.

**CAPITALIZATION.** There were no changes in the capital structure of the Company during 1948 except, the purchase of 1,100 shares of preferred stock, which will be held for





Above, installation of special rollers in the drier section of a paperboard mill at Wabash, Indiana to apply clay coating to board as it is being finished. Left, folding and stitching equipment recently installed in the Finishing Department of the Philadelphia shipping container plant.



Corrugated shipping containers made in various Company factories.



Reception room at the general offices, Chicago.

retirement on June 30, 1950 when 3,000 shares are to be retired through operation of the sinking fund. No additional common stock was issued or sold during the year, so that the outstanding shares remained at 990,474.

**SURPLUS.** The earnings for the year of \$10,424,593 were credited to surplus. After providing for dividends of \$4,856,033 paid or declared during 1948, the earnings reinvested in the business amounted to \$5,568,560.

## OPERATIONS

The table below sets forth the tons of paperboard and pulp produced by the Company's pulp and paperboard mills, and the tons of finished product shipped by the mills and factories to customers:

	Tons Produced in Mills	Tons Finished Product Shipped
1940.....	461,815	504,507
1941.....	546,002	627,292
1942.....	508,423	575,856
1943.....	537,076	598,918
1944.....	523,946	585,018
1945.....	534,131	597,267
1946.....	558,621	624,126
1947.....	589,780	675,583
1948.....	617,936	725,798

The tons of finished product shipped again exceeded tons produced in the Company's mills because of tonnage purchased from outside sources over and above the Company's own production.

## **SALES**

Consolidated sales for 1948 were \$131,056,327, compared with \$128,345,675 in 1947, an increase of 2%. The tons of finished product shipped increased 7%.

Sales of fabricated products were about the same percentage of total sales as in the previous year. Selling prices in some divisions showed slight declines. There were substantial increases in the cost of labor and transportation, but major reductions in costs of waste paper and various grades of pulp.

The Departments of Art and Design, as well as the Sales Research Laboratories, continued their activity in creating new designs in both construction and appearance of containers and cartons. Several new fields were explored which might offer increased uses for the Company's products.

## **SUBSIDIARY AND AFFILIATED COMPANIES**

O. B. Andrews Company, with one paperboard mill in Chattanooga and fabricating plants in Chattanooga, Knoxville, and Johnson City, Tennessee and Atlanta, Georgia, improved its facilities in order to serve better the growing demand in the southeastern market.

California Container Corporation, with fabricating plants in Los Angeles and Oakland, California, and in Seattle, Washington, also made some additions of machinery and continued its development on the West Coast.

Sefton Fibre Can Company, with operations in St. Louis, Missouri and New Orleans, Louisiana, expanded its sales of fibre cans.

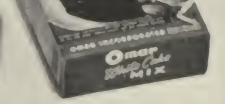
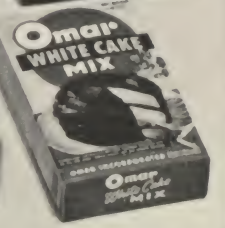
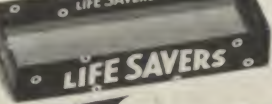
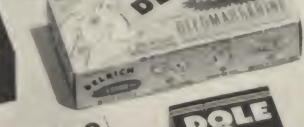
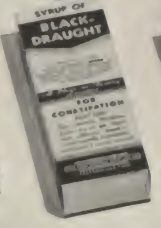
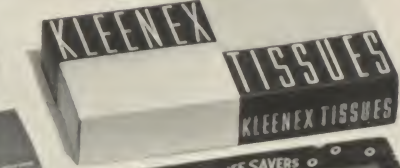
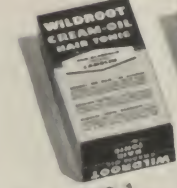
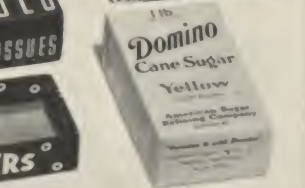
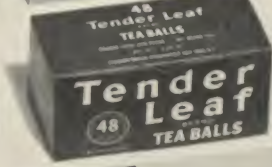
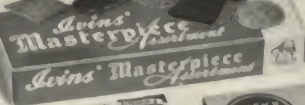
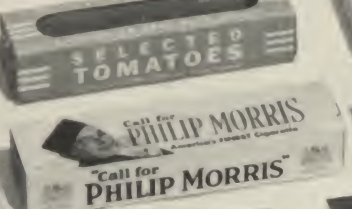
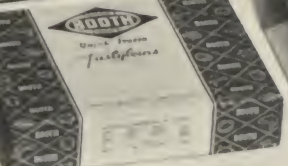
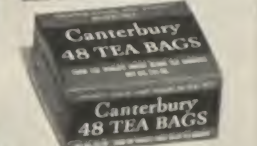
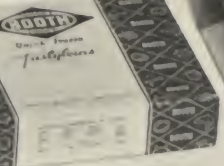
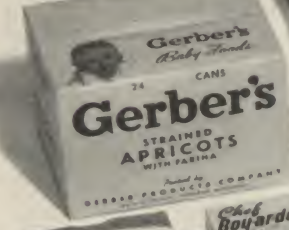
Pioneer Paper Stock Company, with plants in Chicago, Illinois, Kalamazoo and Detroit, Michigan, Baltimore, Maryland, and Philadelphia, Pennsylvania, continued to supply waste paper to its many customers, as well as to the paperboard mills of the parent company. The Philadelphia plant, destroyed by fire late in 1947, was rebuilt during the year and is again in full operation. During the second quarter of 1948 substantial declines in the price of waste paper began and continued for the rest of the year.

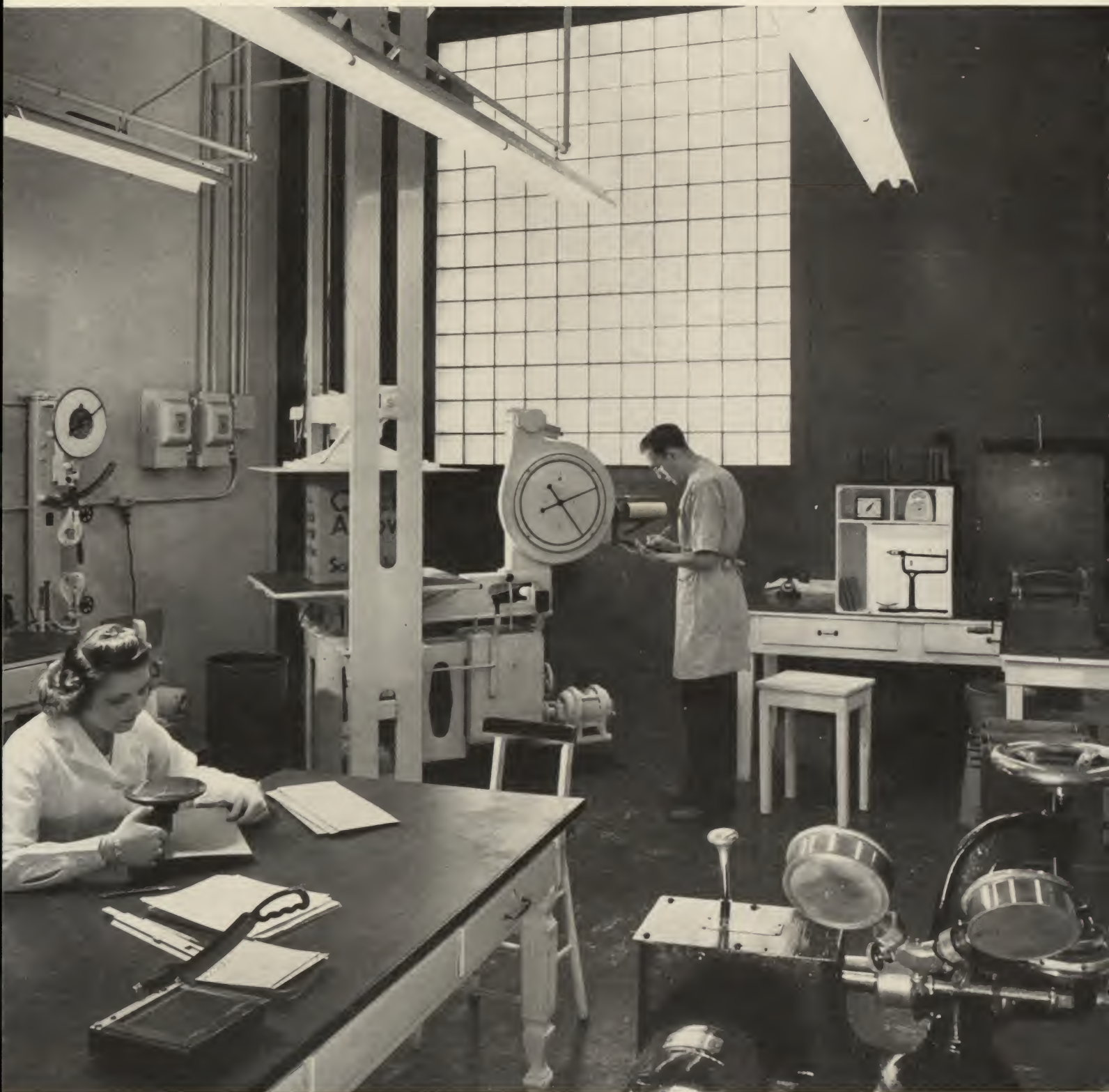
**FOREIGN INVESTMENTS.** Your Company has a 50% stock interest in two foreign companies through its wholly owned subsidiary, Carton Internacional, S. A.

Carton de Colombia, S. A. completed its first full year of operations with satisfactory earnings. The paperboard mill, container and carton plants are operating well and experiencing good volume.

Cartoenvases de Mexico, S. A. expanded sales with a moderate increase of earnings. The Company is becoming more widely known and additional uses for its products are being developed.

Colorful cartons produced by folding carton plants of the Company.





A section of one of the Company's completely equipped container testing laboratories operated under controlled conditions of temperature and humidity to maintain production standards.



The Edward Benton Fritz Memorial Trophy for July '47-June '48 and other safety awards won by the Carthage, Indiana paper mill.

## PAPERBOARD AND CONTAINER INDUSTRY CONDITIONS

The paperboard industry operated at a slightly lower rate of capacity than in the previous year and produced about 9,500,000 tons, a slight increase over the previous year. The container industry experienced a slight increase in unit shipments.

New paperboard mills were completed during 1948 with an annual capacity of about 700,000 tons; during 1949 it is estimated that an additional 374,000 tons of annual capacity may be in production. Some marginal machines, with an annual capacity of 150,000 tons, were shut down during 1948; two of these were under lease to your Company. Additional marginal machines may shut down during 1949. Also, many machines which were running seven days a week, due to the pressure of demand, are now running less.

There is little question but what there should be ample paperboard mill capacity to take care of even the high seasonal demands of the immediate future.

## EMPLOYEE RELATIONS

At the end of the year approximately 10,624 men and women were employed in the mills, factories and offices of your Company and its subsidiaries.

Further improvements in working conditions were made during the year in many of the plants, and the labor turnover and absentee records were better. A strike occurred at the Wabash, Indiana paperboard mill; aside from this there were no work interruptions.

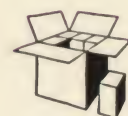
**SAFETY.** The overall safety performance was further improved with a new low record for frequency of accidents. The Carthage paper mill won the Fritz Memorial Trophy for the outstanding record in accident prevention for the paperboard industry.



Artist — Arthur Kraft, native of Kansas

KANSAS — annual purchases: \$1<sup>2</sup>/<sub>3</sub> billion — mostly packaged.

CONTAINER CORPORATION OF AMERICA



GROUP INSURANCE. At the close of the year the Company's Group Insurance Plan was improved by increasing the allowances for hospital medical care and treatment charges for resident patients. Also the coverage on dependents was broadened. Both improvements are being paid by the Company at no additional cost to the employees.

RETIREMENT ANNUITY PLAN. As of the end of the year, 86% of those employees eligible were participating in the Company's Retirement Annuity Plan. Combined employee and Company contributions for the year 1948 amounted to \$1,244,608; the employees contributed \$565,731, and the Company \$678,877. Contributions by and on account of executive officers amounted to 1.8% while 98.2% was contributed by and on account of all of the other employees.

MANAGEMENT PROFIT SHARING PLAN. Under this plan, approved by the shareholders at their annual meeting in 1940, a total amount of \$2,149,597 would have been payable for the year 1948; however, the non-participating directors entrusted with the final determination of the profit sharing amount concluded that under present conditions, the amount to be distributed should be limited to \$462,050, compared with \$469,850 last year. Distributions were authorized as follows: 18.4% to the Chairman of the Board, 11.4% to the President, 21.6% to the then two Vice Presidents, and 48.6% to 59 other employees, including the Secretary-Treasurer and the Controller.

## ORGANIZATION

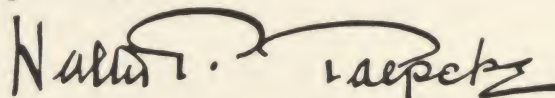
Effective January 1, 1949 the Board of Directors elected Ira C. Keller and John V. Spachner Executive Vice Presidents, and the following Vice Presidents: Laurence T. McCurdy, James E. Purvis, John G. Robinson, Frank J. Sauer and John D. Spence. Paul W. Guenzel was elected Treasurer. James A. Cunningham, Vice President in Charge of Finance resigned October 1, 1948 to accept the office of Vice President in Charge of Business Affairs at the University of Chicago; under a retainer relationship the Company will have a call on part of his time for three years.

California Container Corporation, a subsidiary, elected N. Chase Flint Chairman of the Board and William P. Hooker President. O. B. Andrews Company, another subsidiary, elected Donald Brewer First Vice President and Director and William M. O'Malley Treasurer and Director.

The Board of Directors expresses its gratitude and appreciation for the able, conscientious and loyal performance of all members of the organization during the year.

Submitted on behalf of the Board of Directors.

Respectfully,



Chairman of the Board



President

One of the continuing series of advertisements depicting each of the forty-eight states of the United States, appearing in magazines of national circulation. Artists native to each state are engaged to make the paintings.

# CONTAINER CORPORATION OF AMERICA AND CONSOLIDATED YEAR-END BALANCE SHEETS FOR TWELVE YEAR ASSETS

	1948	1947	1946	1945	1944
Cash.....	\$ 7,521,586	\$ 6,533,344	\$ 5,917,335	\$ 3,991,492	\$ 2,364,987
U. S. Government securities.....	2,236,451	748,187	133,321	1,620,562	612,166
Accounts and notes receivable.....	4,918,005	6,180,152	5,115,371	3,081,785	2,809,884
Inventories.....	8,630,364	9,270,857	6,136,154	4,529,376	3,737,137
Total current assets.....	\$23,306,406	\$22,732,540	\$17,302,181	\$13,223,215	\$ 9,524,174
Cash and government securities set aside for improvements.....	4,350,000	6,000,000	4,000,000	—	—
Postwar excess profits tax refund.....	—	—	—	—	1,720,834
Other receivables and investments.....	1,273,932	1,317,990	1,596,964	1,324,789	864,472
Land.....	4,050,794	3,827,846	3,717,904	3,549,668	3,551,231
Buildings, machinery and equipment.....	52,725,650	45,853,731	34,758,138	29,122,070	27,867,623
Reserve for depreciation.....	<b>23,728,028</b>	<b>21,885,495</b>	<b>19,284,987</b>	<b>17,173,036</b>	<b>15,918,586</b>
Deferred charges.....	1,188,846	786,845	803,285	482,755	508,991
Goodwill and patents.....	1	1	1	1	1
	<u>\$63,167,601</u>	<u>\$58,633,458</u>	<u>\$42,893,486</u>	<u>\$30,529,462</u>	<u>\$28,118,740</u>

## LIABILITIES

Accounts payable.....	\$ 1,910,061	\$ 3,019,510	\$ 2,037,779	\$ 2,309,871	\$ 1,462,096
Accrued wages, taxes, etc.....	2,548,978	2,370,144	2,184,104	1,835,630	1,426,907
Reserve for Federal income taxes.....	—*	—*	—*	—*	—*
Dividends payable.....	98,900	100,000	—	—	—
Sinking fund payments due within a year..	—	—	—	—	—
Total current liabilities.....	\$ 4,557,939	\$ 5,489,654	\$ 4,221,883	\$ 4,145,501	\$ 2,889,003
Funded debt.....	—	—	—	—	—
Reserve for inventory and contingencies...	1,110,522	1,110,522	2,000,000	1,400,000	1,100,000
Preferred stock.....	10,000,000	10,000,000	—	—	—
Common stock.....	19,809,480	19,809,480	19,809,480	15,625,060	15,625,060
Paid-in surplus.....	3,829,851	3,829,851	3,829,851	671,494	671,494
Earned surplus.....	23,962,511	18,393,951	13,032,272	8,687,407	7,833,183
Preferred stock in treasury.....	<b>102,702</b>	—	—	—	—
	<u>\$63,167,601</u>	<u>\$58,633,458</u>	<u>\$42,893,486</u>	<u>\$30,529,462</u>	<u>\$28,118,740</u>
Working capital.....	\$18,748,467	\$17,242,886	\$13,080,298	\$ 9,077,714	\$ 6,635,171
Current ratio.....	5.11 to 1	4.14 to 1	4.10 to 1	3.19 to 1	3.30 to 1
Book value per common share.....	\$ 48.07	\$ 42.44	\$ 37.02	\$ 31.98	\$ 30.89

Note—Italics denote red figures.

\*Provision for Federal income taxes which includes renegotiation reserve for 1943, 1944 and 1945...

Less Treasury notes—tax series.....	\$ 7,596,493	\$ 7,835,425	\$ 7,266,403	\$ 8,080,442	\$ 9,896,997
	<u>7,596,493</u>	<u>7,835,425</u>	<u>7,266,403</u>	<u>8,080,442</u>	<u>9,896,997</u>

# SUBSIDIARY COMPANIES

PERIOD ENDED DECEMBER 31, 1948

1943	1942	1941	1940	1939	1938	1937
\$ 1,649,835	\$ 1,216,063	\$ 1,249,665	\$ 2,456,532	\$ 1,044,918	\$ 1,031,969	\$ 1,650,344
297,061	285,870	—	—	—	—	—
2,913,481	2,380,611	3,108,880	1,969,006	1,903,452	1,474,683	1,133,116
3,481,416	3,199,667	4,340,712	3,410,931	3,644,189	2,859,950	3,143,426
\$ 8,341,793	\$ 7,082,211	\$ 8,699,257	\$ 7,836,469	\$ 6,592,559	\$ 5,366,602	\$ 5,926,886
—	—	—	—	—	—	—
1,010,834	361,000	—	—	—	—	—
76,143	135,134	367,664	802,253	1,561,736	1,487,517	1,848,555
3,569,681	3,583,906	3,599,118	3,485,447	3,463,005	3,450,285	3,192,264
26,972,366	26,361,566	25,864,025	25,096,655	24,051,950	23,452,635	22,720,801
<b>14,575,515</b>	<b>13,269,224</b>	<b>11,952,714</b>	<b>10,992,855</b>	<b>9,897,678</b>	<b>8,922,908</b>	<b>7,765,149</b>
446,918	283,175	227,151	187,062	338,039	387,994	385,583
I	I	I	I	I	I	I
\$25,844,221	\$24,537,769	\$26,804,502	\$26,415,052	\$26,109,612	\$25,222,126	\$26,311,031

\$ 849,217	\$ 1,154,353	\$ 1,321,396	\$ 345,977	\$ 820,005	\$ 446,525	\$ 363,451
1,256,587	1,048,981	1,118,470	832,830	516,978	392,440	434,276
—*	—*	360,070*	1,186,977	296,000	34,200	528,000
—	—	—	—	—	—	—
—	—	—	—	250,000	128,000	115,000
\$ 2,105,804	\$ 2,203,334	\$ 2,799,936	\$ 2,365,784	\$ 1,882,983	\$ 1,001,165	\$ 1,440,727
—	—	2,900,000	4,100,000	5,126,000	5,945,500	6,472,000
500,000	—	—	—	—	500,000	449,114
—	—	—	—	—	—	—
15,625,060	15,625,060	15,625,060	15,625,060	15,625,060	15,625,060	15,625,060
671,494	671,494	671,494	671,494	671,494	671,494	383,139
6,941,863	6,037,881	4,808,012	3,652,714	2,804,075	1,478,907	1,940,991
—	—	—	—	—	—	—
\$25,844,221	\$24,537,769	\$26,804,502	\$26,415,052	\$26,109,612	\$25,222,126	\$26,311,031
\$ 6,235,989	\$ 4,878,877	\$ 5,899,321	\$ 5,470,685	\$ 4,709,576	\$ 4,365,437	\$ 4,486,159
3.96 to 1	3.21 to 1	3.11 to 1	3.31 to 1	3.50 to 1	5.36 to 1	4.11 to 1
\$ 29.74	\$ 28.59	\$ 27.01	\$ 25.53	\$ 24.45	\$ 22.75	\$ 22.97

\$ 9,218,820	\$ 6,878,426	\$ 4,564,790
9,218,820	6,878,426	4,204,720
—	—	\$ 360,070

# CONTAINER CORPORATION OF AMERICA AND CONSOLIDATED PROFIT AND LOSS STATEMENTS FOR TWELVE

	1948	1947	1946	1945	1944
Sales . . . . .	\$131,056,327	\$128,345,675	\$91,090,286	\$74,138,191	\$69,641,096
Cost of sales . . . . .	104,282,979	102,475,747	71,246,408	59,589,990	53,830,458
Gross earnings . . . . .	\$ 26,773,348	\$ 25,869,928	\$19,843,878	\$14,548,201	\$15,810,638
Provision for depreciation . . . . .	2,433,370	1,715,774	1,493,346	1,435,464	1,481,306
Gross earnings from operations . . . . .	\$ 24,339,978	\$ 24,154,154	\$18,350,532	\$13,112,737	\$14,329,332
Selling, administrative and general expenses . . . . .	7,585,901	6,872,580	5,317,302	4,496,451	4,025,746
Earnings from operations . . . . .	\$ 16,754,077	\$ 17,281,574	\$13,033,230	\$ 8,616,286	\$10,303,586
Other income and deductions, net . . . . .	236,516	307,971	102,331	399,817	209,613
Earnings before interest and Federal income taxes . . . . .	\$ 16,990,593	\$ 16,973,603	\$13,135,561	\$ 9,016,103	\$10,513,199
Interest charges, etc. . . . .	—	—	—	—	—
Earnings before Federal income taxes . . . . .	\$ 16,990,593	\$ 16,973,603	\$13,135,561	\$ 9,016,103	\$10,513,199
Provision for Federal income taxes (including renegotiation in 1945, 1944 and 1943) . . . . .	6,566,000	6,700,000	5,370,000	6,690,000	7,850,000
Net earnings for the year . . . . .	\$ 10,424,593	\$ 10,273,603	\$ 7,765,561	\$ 2,326,103	\$ 2,663,199
Provision for inventory and contingencies reserve . . . . .	—	—	600,000	300,000	600,000
Balance carried to earned surplus . . . . .	\$ 10,424,593	\$ 10,273,603	\$ 7,165,561	\$ 2,026,103	\$ 2,063,199
Earnings per share:					
Preferred stock . . . . .	\$ 105.41	\$ 102.74	—	—	—
Common stock . . . . .	\$ 10.12	\$ 10.09	\$ 7.23	\$ 2.59	\$ 2.64

## RECORD OF DIVIDENDS AND INTEREST PAID ON FUNDED DEBT

Dividends paid and/or declared:

Preferred stock . . . . .	\$ 398,900	\$ 344,000	\$ 4,664*	—	—
Common stock . . . . .	4,457,133	4,457,133	\$ 3,218,247	\$ 1,171,879	\$ 1,171,879
Total dividends . . . . .	\$ 4,856,033	\$ 4,801,133	\$ 3,222,911	\$ 1,171,879	\$ 1,171,879
**Interest paid on funded debt . . . . .	—	—	—	—	—
Total dividends and interest . . . . .	\$ 4,856,033	\$ 4,801,133	\$ 3,222,911	\$ 1,171,879	\$ 1,171,879

\*Paid on preferred stock issues of subsidiary companies. Such issues were retired in 1946.

\*\*On basis of cash payments made. This differs slightly from accrual basis used on profit and loss statement.

# SUBSIDIARY COMPANIES

YEAR PERIOD ENDED DECEMBER 31, 1948

1943	1942	1941	1940	1939	1938	1937	Total
\$61,163,685	\$49,533,239	\$46,714,221	\$30,464,677	\$24,114,815	\$18,705,290	\$25,268,327	\$750,235,829
46,206,565	36,668,926	35,548,267	23,339,894	19,172,531	15,295,294	19,201,297	586,858,356
\$14,957,120	\$12,864,313	\$11,165,954	\$ 7,124,783	\$ 4,942,284	\$ 3,409,996	\$ 6,067,030	\$163,377,473
1,421,460	1,411,499	1,307,975	1,241,246	1,180,417	1,261,111	1,216,800	17,599,768
\$13,535,660	\$11,452,814	\$ 9,857,979	\$ 5,883,537	\$ 3,761,867	\$ 2,148,885	\$ 4,850,230	\$145,777,705
3,412,501	3,016,086	2,953,587	2,361,345	1,690,557	1,748,504	2,027,711	45,508,271
\$10,123,159	\$ 8,436,728	\$ 6,904,392	\$ 3,522,192	\$ 2,071,310	\$ 400,381	\$ 2,822,519	\$100,269,434
260,895	181,652	69,679	113,030	36,237	75,930	71,770	1,166,601
\$10,384,054	\$ 8,618,380	\$ 6,834,713	\$ 3,635,222	\$ 2,107,547	\$ 476,311	\$ 2,750,749	\$101,436,035
—	36,632	92,536	220,540	365,604	412,641	438,644	1,566,597
\$10,384,054	\$ 8,581,748	\$ 6,742,177	\$ 3,414,682	\$ 1,741,943	\$ 63,670	\$ 2,312,105	\$ 99,869,438
7,700,000	6,180,000	4,415,000	1,187,000	293,043	34,200	528,000	53,513,243
\$ 2,684,054	\$ 2,401,748	\$ 2,327,177	\$ 2,227,682	\$ 1,448,900	\$ 29,470	\$ 1,784,105	\$ 46,356,195
500,000	—	—	—	—	—	—	2,000,000
\$ 2,184,054	\$ 2,401,748	\$ 2,327,177	\$ 2,227,682	\$ 1,448,900	\$ 29,470	\$ 1,784,105	\$ 44,356,195
—	—	—	—	—	—	—	—
\$ 2.80	\$ 3.07	\$ 2.98	\$ 2.85	\$ 1.85	\$ .04	\$ 2.28	

FOR TWELVE YEAR PERIOD ENDED DECEMBER 31, 1948

—	—	—	—	—	—	—	\$ 747,564
\$ 1,171,879	\$ 1,171,879	\$ 1,171,879	\$ 1,171,879	\$ 195,313	\$ 234,376	\$ 860,876	20,454,352
\$ 1,171,879	\$ 1,171,879	\$ 1,171,879	\$ 1,171,879	\$ 195,313	\$ 234,376	\$ 860,876	\$ 21,201,916
—	\$ 37,031	\$ 91,234	\$ 207,677	\$ 310,900	\$ 346,005	\$ 374,340	\$ 1,367,187
\$ 1,171,879	\$ 1,208,910	\$ 1,263,113	\$ 1,379,556	\$ 506,213	\$ 580,381	\$ 1,235,216	\$ 22,569,103

# RAW MATERIALS

# PROCESSING

# MILLS



PULP WOOD FROM THE FORESTS

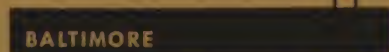
WASTE PAPER FROM THE CITIES



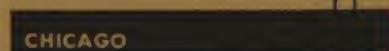
FERNANDINA



ATLANTA



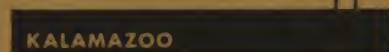
BALTIMORE



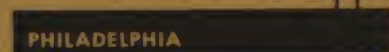
CHICAGO



DETROIT

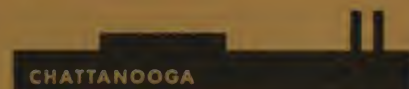
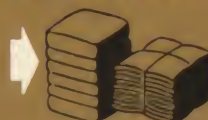


KALAMAZOO



PHILADELPHIA

PULP AND PAPERSTOCK



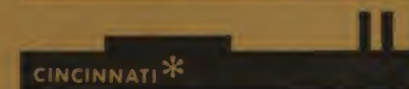
CHATTANOOGA



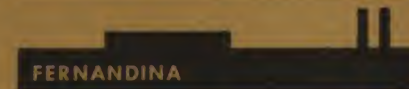
CHICAGO—LAKE SHORE



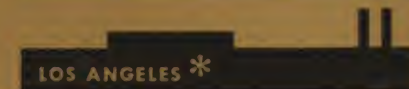
CHICAGO—OGDEN



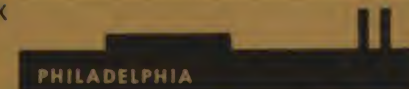
CINCINNATI \*



FERNANDINA



LOS ANGELES \*



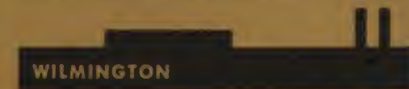
PHILADELPHIA



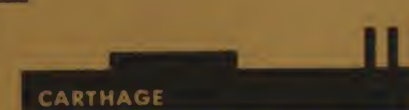
TACOMA \*



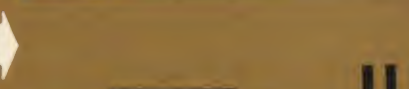
WABASH



WILMINGTON



CARTHAGE



CIRCLEVILLE



STRAW FROM THE FARMS

SOURCES AND FLOW OF PRIMARY MATERIALS THROUGH MILLS

\*Leased

# **FACTORIES**

# **PRODUCTS**

# **USES**

ANDERSON

JOHNSON CITY

ATLANTA

KNOXVILLE

BALTIMORE

LOS ANGELES

BOSTON

MUSKOGEE

CHATTANOOGA

NEW ORLEANS

CHICAGO—LAKE SHORE

OAKLAND

CHICAGO—35TH STREET

PHILADELPHIA—MANAYUNK

CHICAGO—ODDEN

PHILADELPHIA—6TH STREET

CINCINNATI

ROCK ISLAND

CLEVELAND

ST. LOUIS

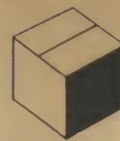
FT. WORTH

SEATTLE

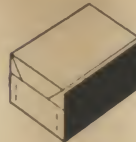
GREENSBORO

SIOUX CITY

## **PAPERBOARD**



**CORRUGATED  
CONTAINERS**



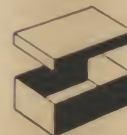
**SOLID FIBRE  
CONTAINERS**



**FOLDING CARTONS**



**FOOD PAILS**



**SET-UP BOXES**



**FIBRE CANS**

Ammunition	Household Goods
Automotive Parts	Linens and Towels
Bakery Goods	Liquor and Wine
Beer	Machines and Parts
Boots and Shoes	Matches
Building Materials	Meat Products
Canned Foods	Paint and Varnish
Caps and Closures	Paper Products
Cereal Products	Personal Accessories
Chemicals	Petroleum Products
China & Pottery	Pharmaceuticals
Clothing	Publishers, Printers
Coffee, Tea, Cocoa	Radio Products
Confectionery	Rubber Goods
Cosmetics	Soaps and Cleansers
Dairy Products	Soft Drinks
Dehydrated Foods	Spices
Explosives	Sporting Goods
Electrical Products	Sugar and Salt
Frozen Foods	Textiles
Fruits and Vegetables	Tobacco Products
Furniture	Tools
Glass Products	Toys and Games
Hardware and Tools	Vegetable Products

# CONTAINER CORPORATION OF AMERICA

## COMPARATIVE CONSOLIDATED BALANCE SHEETS—

### ASSETS

	1948	1947
<b>CURRENT ASSETS:</b>		
Cash .....	\$ 7,521,586	\$ 6,533,344
U. S. Government securities, at cost, plus accrued interest.....	2,236,451	748,187
Accounts receivable, less reserves of \$186,122 in 1948 and \$171,724 in 1947.....	4,918,005	6,180,152
Inventories of finished goods, work in process, raw materials and supplies—priced at the lower of average cost or market.....	8,630,364	9,270,857
Total current assets.....	<u>\$23,306,406</u>	<u>\$22,732,540</u>
<b>INVESTMENTS AND ADVANCES, AT COST:</b>		
Investments in and advances to foreign subsidiaries not consolidated..	\$ 950,000	\$ 950,000
Other.....	323,932	367,990
	<u>\$ 1,273,932</u>	<u>\$ 1,317,990</u>
<b>CASH AND U. S. GOVERNMENT SECURITIES SET ASIDE FOR IMPROVEMENTS..</b>	<u>\$ 4,350,000</u>	<u>\$ 6,000,000</u>
<b>PLANT AND EQUIPMENT—stated at amounts (based in part on appraisals) recorded at dates of acquisition of properties (including properties acquired for capital stock), plus subsequent additions at cost:</b>		
	Gross	Reserves
Land.....	\$ 4,050,794	\$ —
Buildings.....	12,622,431	4,000,194
Machinery, equipment, etc.....	34,181,956	15,287,362
Leasehold and leasehold improvements.	5,921,263	4,440,472
	<u>\$56,776,444</u>	<u>\$23,728,028</u>
<b>PREPAID AND DEFERRED CHARGES.....</b>	<u>\$ 1,188,846</u>	<u>\$ 786,845</u>
<b>GOODWILL AND PATENTS.....</b>	<u>\$ 1</u>	<u>\$ 1</u>
	<u>\$63,167,601</u>	<u>\$58,633,458</u>

# AND SUBSIDIARY COMPANIES

DECEMBER 31, 1948 AND DECEMBER 31, 1947

## LIABILITIES

	1948	1947
CURRENT LIABILITIES:		
Accounts payable . . . . .	\$ 1,910,061	\$ 3,019,510
Accrued liabilities—		
Salaries, wages and profit sharing provision . . . . .	1,465,043	1,397,922
Taxes, other than Federal taxes on income . . . . .	959,561	867,086
Other . . . . .	124,374	105,136
Dividends payable on preferred stock . . . . .	98,900	100,000
Provision for Federal income taxes of \$7,596,493 in 1948 and \$7,835,425 in 1947 less an equivalent amount of United States Treasury Notes each year.	—	—
Total current liabilities . . . . .	\$ 4,557,939	\$ 5,489,654
RESERVE FOR POSSIBLE FUTURE INVENTORY PRICE DECLINE AND OTHER CONTINGENCIES . . . . .	\$ 1,110,522	\$ 1,110,522
CAPITAL STOCK AND SURPLUS:		
4% cumulative preferred stock, \$100 par value; authorized and issued 100,000 shares . . . . .	\$10,000,000	\$10,000,000
Common stock, \$20 par value; authorized 1,500,000 shares, issued 990,474 shares . . . . .	19,809,480	19,809,480
Paid-in surplus . . . . .	3,829,851	3,829,851
Earned surplus of which \$8,921,481 is restricted as to cash dividend payments on common stock (see accompanying summary) . . . . .	23,962,511	18,393,951
	\$57,601,842	\$52,033,282
Deduct—Cost of 1,100 shares of 4% cumulative preferred stock held in the treasury . . . . .	102,702	—
	\$57,499,140	\$52,033,282
	\$63,167,601	\$58,633,458

# CONTAINER CORPORATION OF AMERICA AND SUBSIDIARY COMPANIES

## SUMMARIES OF CONSOLIDATED PROFIT AND LOSS FOR THE YEARS ENDED DECEMBER 31, 1948 AND 1947

	1948	1947
NET SALES.....	\$131,056,327	\$128,345,675
COST OF SALES (including depreciation and depletion provision of \$2,433,370 in 1948 and \$1,715,774 in 1947) .....	106,716,349	104,191,521
Gross profit from operations.....	\$ 24,339,978	\$ 24,154,154
SELLING, ADMINISTRATIVE AND GENERAL EXPENSES.....	7,585,901	6,872,580
Profit from operations.....	\$ 16,754,077	\$ 17,281,574
OTHER INCOME (or Deductions), net:		
Goodwill incident to acquisition of subsidiary.....	—	359,680
Other.....	236,516	51,709
Balance before income taxes.....	\$ 16,990,593	\$ 16,973,603
PROVISION FOR FEDERAL TAXES ON INCOME .....	6,566,000	6,700,000
Net profit for year.....	<u>\$ 10,424,593</u>	<u>\$ 10,273,603</u>

## SUMMARY OF EARNED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 1948

BALANCE, DECEMBER 31, 1947.....	\$18,393,951
NET PROFIT FOR YEAR (per accompanying summary).....	10,424,593
	<u>\$28,818,544</u>
CASH DIVIDENDS DECLARED:	
Preferred stock (\$4.00 per share).....	\$ 398,900
Common stock (\$4.50 per share).....	4,457,133
	<u>\$ 4,856,033</u>
BALANCE, DECEMBER 31, 1948 (\$8,921,481 is restricted as to cash dividend payments on common stock).....	<u>\$23,962,511</u>

NOTE: The company has filed claims for relief from a portion of its excess profits tax for the years 1940 through 1943 and 1945, under Section 722 of the Internal Revenue Code. The effect of such claims has not been reflected in the accompanying financial statements.

ARTHUR ANDERSEN & CO.

120 SOUTH LA SALLE STREET  
CHICAGO 3

To the Stockholders of  
Container Corporation of America:

We have examined the consolidated balance sheet of CONTAINER CORPORATION OF AMERICA (a Delaware corporation) and subsidiaries as of December 31, 1948 and the related summaries of consolidated profit and loss and surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We made a similar examination for the year ended December 31, 1947.

In our opinion, the accompanying consolidated balance sheet and summaries of consolidated profit and loss and surplus present fairly the financial position of Container Corporation of America and subsidiaries as of December 31, 1948 and the results of their operations for the year then ended, and were prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Arthur Andersen & Co.*

Chicago, Illinois

February 3, 1949





Mills, factories and sales offices of the Company are strategically located with respect to the industries they serve.

